

Message Text

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ACTION NEA-07

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FM AMEMBASSY NEW DELHI
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C O N F I D E N T I A L NEW DELHI 3306

LIMDIS

PASS TREASURY AND AID

E.O. 11652: GDS
TAGS: EAID, IN
SUBJECT: IDA V REPLENISHMENT

REF: NEW DELHI 3307

1. WE ARE TRANSMITTING SEPARATELY (REFTEL) THE TEXT OF A COMPREHENSIVE ARTICLE ON A REDUCTION OF INDIA'S SHARE OF IDA, AN ARTICLE WHICH WAS WRITTEN BY WARREN UNNA AND APPEARED IN TODAY'S STATESMAN IN CALCUTTA AND WILL PROBABLY APPEAR IN THE DELHI EDITION TOMORROW.

2. DURING A CONVERSATION WITH J. MEHTA, FOREIGN SECRETARY, ON ANOTHER SUBJECT ON MARCH 7, THE CHARGE MENTIONED THE UNNA ARTICLE AND URGED THAT THE GOI VIEW THIS SITUATION WITH BALANCE. THE CHARGE TOOK THE LINE THAT THE ADMINISTRATION WAS ENGAGED IN A MAJOR EFFORT TO MAKE AID AN IMPORTANT ELEMENT IN ITS POSITION IN THE NORTH/SOUTH DIALOGUE AND AS A PART OF THIS EFFORT WAS SEEKING SUBSTANTIAL APPROPRIATIONS FOR IFI'S AND BILATERAL ASSISTANCE. THE CHARGE ALSO NOTED THAT THE ADMINISTRATION WAS PREPARING POSITIONS ON OTHER NORTH/
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SOUTH ISSUES FOR PRESENTATION AT THE RESUMED PARIS DIALOGUE. THE GOI SHOULD RECOGNIZE THAT OPINION ABOUT INDIA IN THE CONGRESS REMAINS STRONG AND SOME ACTION WAS NECESSARY TO ENHANCE PROSPECTS FOR SUCCESS IN THE ADMINISTRATION'S EFFORTS. IN FACT, THE CHARGE SAID, INDIA CERTAINLY COULD NOT EXPECT AN INCREASE IN THE IDA FUNDS IN PROPORTION TO THE OVERALL INCREASE IN THE IDA REPLENISHMENT. MEHTA DIDN'T

ARGUE WITH THIS PRESENTATION, BUT ASKED ONLY ONE QUESTION --
"WOULD ANY OTHER NATION BE ADVERSELY AFFECTED BY REALLOCATION
OF IDA FUNDS?" HE WAS OBVIOUSLY LOOKING FOR SOME BASIS ON
WHICH THE GOI COULD MAINTAIN THAT THIS WAS NOT AN ACTION TAKEN
BY THE US AND SPECIFICALLY DIRECTED AGAINST INDIA.

3. THE CHARGE INDICATED HIS REMARKS WERE INFORMAL AS HE
STILL DID NOT HAVE INSTRUCTIONS FOR HIS REPLY TO MANMOHAN
SINGH. (DELHI 2999). THE EMBASSY HOPES THE DEPARTMENT CAN
PROVIDE FURTHER RATIONALE FOR OUR REPLY. CAN WE SAY, FOR
EXAMPLE, THAT INDIA'S NEW SHARE WILL PERMIT SOME INCREASE IN
IDA ASSISTANCE IN REAL TERMS? CAN WE ALSO MAINTAIN THAT
SOME OTHER COUNTRIES WILL ALSO HAVE A REDUCTION IN THEIR
SHARE OF IDA. FAVORABLE ANSWERS TO THESE QUESTIONS WOULD
BE OF GREAT HELP TO US WHILE COPING WITH OUR BILATERAL
PROBLEMS WITH THE GOI.

4. REQUEST GUIDANCE FOR RESPONSE TO PRESS QUERIES, IF ANY,
ON UNNA STORY. WE ARE RELUCTANT, HOWEVER, TO MAKE ANY PUBLIC
STATEMENTS BEFORE RESPONDING TO MANMOHAN SINGH. PLEASE
ADVISE.

SCHNEIDER

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